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Message Text

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PAGE 01 STUTTG 00913 120625Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 PA-02 ICA-20 /058 W
----------078506 120627Z /14/66
R 111400Z MAY 78
FM AMCONSUL STUTTGART
TO SECSTATE WASHDC 4318
INFO AMEMBASSY BONN
USMISSION USBERLIN
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMEMBASSY PARIS
AMCONSUL STRASBOURG

UNCLAS STUTTGART 0913

C O R R E C T E D C O P Y (SUBJECT LINE ADDED)

E.O. 11652: N/A
TAGS: EINV ELAB ETEL GW FR

SUBJECT: ITT TO CLOSE ONE OF LOCAL MANUFACTURING PLANTS.

1. SUMMARY. STANDARD ELEKTRIC LORENZ (SEL), THE PRINCIPAL GERMAN SUBSIDIARY OF ITT, HAS CONFIRMED THAT ITS RADIO PARTS MANUFACTURING PLANT IN RASTATT WILL BE CLOSED AT AN UNSPECIFIED DATE. THIS PLANT EMPLOYS OVER 900, SOME 350 OF WHOM COMMUTE DAILY FROM NEIGHBORING FRANCE. END SUMMARY.

2. A MEMBER OF SEL'S BOARD OF DIRECTORS ANNOUNCED THIS DECISION MAY 8 TO PLANT EMPLOYEES, THEREBY CONFIRMING A RUMOR THAT HAD BEEN CIRCULATING FOR SEVERAL MONTHS. HE EXPLAINED THAT THE RASTATT PLANT HAD BEEN WORKING AT ONLY 60 PERCENT OF CAPACITY
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AND THAT THE LACK OF ORDERS FOR RADIO, TELEVISION AND PHONOGRAPH SETS NECESSITATED CONCENTRATION OF THEIR MANUFACTURE IN PLANTS AT BOCHUM AND ALTERN, BOTH IN THE STATE OF NORTH RHINE WESTFALIA. "A LARGE PART" OF THE WORK FORCE AT RASTATT WOULD BE ASKED TO TAKE UP EMPLOYMENT AT THESE TWO PLANTS. THIS, AS WELL AS THE FACT THAT SO MANY OF THE EMPLOYEES WERE FRENCH, MEANT THAT THE GERMAN LABOR MARKET WOULD NOT BE BURDENED BY THE DECISION TO

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CLOSE THE RASTATT PLANT.

3. REACTION TO THIS ANNOUNCEMENT WAS NOT DELAYED. EMPLOYEES LAID DOWN THEIR TOOLS AND DEMONSTRATED BEFORE THE RATHAUS. THE MAYOR OF RASTATT TELEGRAPHED MINISTER PRESIDENT FILBINGER, ECONOMICS MINISTER EBERLE AND RASTATT'S TWO MEMBERS OF THE BUNDESTAG. HERR EBERLE MET THE MAYOR AND COMPANY OFFICIALS THE NEXT DAY. EMPLOYEE REPRESENTATIVES HAVE REFUSED THE COMPANY'S OFFER TO WORK OUT AN AGREEMENT ("SOCIAL CONTRACT") PERTINENT TO CLOSURE, AND EXPRESS THE HOPE THAT THEIR OWN NEGOTIATIONS WITH OTHER FIRMS WILL PRODUCE ENOUGH ORDERS TO PRESERVE THEIR JOBS IN RASTATT.

4. COMMENT. SEL SEEMS TO BE DETERMINED TO CLOSE THIS PLANT. A HIGHLY PLACED SEL SOURCE SO STATED TO THE CONSULATE GENERAL LAST MONTH, AND EARLIER DISCUSSIONS WITH THE STATE GOVERNMENT OBVIOUSLY HAVE NOT ALTERED THIS DECISION. ALTHOUGH BADEN-WUERTTEMBERG ENJOYS THE LOWEST UNEMPLOYMENT RATE IN W. GERMANY (2.4 PERCENT), THE RASTATT AREA ALREADY SUFFERS FROM AN UNEMPLOY-MENT RATE THAT IS HIGHER (3.6 PERCENT). ABOUT 70 PERCENT OF THE EMPLOYEES ARE WOMEN, MOST OF WHOM PROBABLY WOULD BE UNABLE TO MOVE NORTH TO TAKE UP EMPLOYMENT IN THE OTHER TWO ITT PLANTS. ALTHOUGH SEL CLEARLY HAS A PROBLEM IN RASTATT, THIS SUBSIDIARY -- ABOUT 88 PERCENT OF SEL'S SHARES ARE HELD BY ITT -- REMAINS A VERY SIGNIFICANT ENTITY IN THE COMMUNICATIONS INDUSTRY IN GERMANY. SALES VOLUME LAST YEAR WAS OVER DM 2 BILLION, AND
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EMPLOYMENT WILL BE NEARLY 35,000 EVEN AFTER RASTATT IS CLOSED.
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Message Attributes

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